



DEPARTMENT OF THE NAVY  
NAVAL AIR SYSTEMS COMMAND  
NAVAL AIR SYSTEMS COMMAND HEADQUARTERS  
WASHINGTON, DC 20361-0001

IN REPLY REFER TO

NAVAIRINST 5380.3  
AIR-802A  
26 May 92

NAVAIR INSTRUCTION 5380.3

From: Commander, Naval Air Systems Command

Subj: NAVAL AIR SYSTEMS COMMAND HEADQUARTERS RECREATION  
ASSOCIATION AND RECREATION ASSOCIATION STORE FINANCIAL  
POLICY AND PROCEDURES

Ref: (a) NAVSO P-3520 Chapter VI

Encl: (1) Constitution and By-Laws  
(2) Cash Accounting, Financial, and Operating Procedures  
(3) Daily Cash Drawer Count/Cash Register Collection  
Statement  
(4) Overring Slip  
(5) Refund Slip  
(6) Price Adjustment Record

1. Purpose. To establish a uniform accounting system, standard financial operating procedures, and the constitution and by-laws for nonappropriated funds within the cognizance of the Naval Air Systems Command Headquarters (NAVAIRHQ) Recreation Association and Recreation Association Store, hereinafter referred to as the Association.

2. Objective. This instruction is intended to increase efficiency and effectiveness, permit greater control by management, and facilitate the conducting of audits by proper authority. The procedures set forth herein will be used in conjunction with the accounting procedures prescribed by reference (a) and the governing procedures prescribed by the constitution and by-laws in enclosure (1).

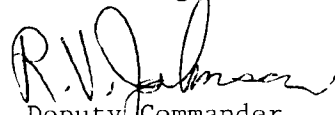
3. Background. Per reference (a), the Association is designated a small nonappropriated fund activity and, as such, will utilize a single entry cash accounting system. To support this system and provide required financial information, a set of accounting records and management reports in a format consistent with local operating conditions must be provided to control, monitor, and evaluate the performance of the Association. Furthermore, a system of internal controls must be installed to allow management to control its resources through established procedures designed to detect errors, waste, inefficiency,



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deviation from established policies and fraud. The rules governing the Association are in the constitution and by-laws contained in enclosure (1).

4. Action. The Association personnel will conform to the procedures prescribed in enclosures (1) through (6) and reference (a) as applicable.

  
Deputy Commander

Distribution: FKA1A (established quantity)  
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CONSTITUTION AND BY-LAWS  
OF THE  
NAVAL AIR SYSTEMS COMMAND HEADQUARTERS RECREATION ASSOCIATION  
CONSTITUTION

ARTICLE I - NAME AND OBJECTIVE

SECTION 1 - This organization will be called the "Naval Air Systems Command Recreation Association" hereinafter referred to as the Association.

SECTION 2 - The objective of the Association shall be to promote a spirit of community interest and high morale within the Command by the development of an active recreation program. This program will encompass social events, athletic activities, cultural experiences, hobby clubs, other recreational activities, and a retail store in which members may participate, without regard to race, color, creed, national origin, handicap, age or gender.

ARTICLE II - MEMBERSHIP

SECTION 1 - All civilian and military personnel of the Naval Air Systems Command Headquarters, Program Executive Office (PEO), Direct Reporting Program Management (DRPM), and the Naval Air Warfare Center Headquarters (NAWCHQ) are members of the Association.

SECTION 2 - Personnel of field activities under the management control of the Naval Air Systems Command and located in the Washington, DC area are members of the Association.

SECTION 3 - Naval Air Systems Command retired employees retain membership in the Association.

SECTION 4 - Membership discount cards will be available to members at a nominal cost to be set by the Board of Directors of the Association (hereinafter referred to as the Board). These cards entitle members to discounts applicable to Association events and items for sale by, or through, the Association. Specifics concerning these discounts will be set by the board.

ARTICLE III - POLICY

SECTION 1 - The Association, as established, will function within the guidelines and provisions of SECNAVINST 7548.1 and SECNAVINST 5420.171A.

SECTION 2 - In furtherance of the objectives described in Article I, SECTION 2, the Association will promote leisure time activities and adopt as many programs as the membership recommends (within the range of eligible activities that can be adequately staffed and funded by the Association). Expenditures for new purchases for resale in the store shall be approved by the Association). Routine store purchases need not be approved by the Board. Representatives for each AIR group will administer and approve disbursements for directorate allocations.

SECTION 3 - Each sponsored activity will be self-sustaining to the maximum extent. The Board may subsidize programs which cannot function on a self-sustaining basis.

SECTION 4 - Profits from sponsored activities will be placed in the General Fund of the Treasury of the Association and will be used for programs requiring subsidy.

SECTION 5 - The Association will sponsor, endorse, subsidize or support only those in consonance with the objectives of the Association. Funds will be used to support only those activities for which all Command employees are eligible without regard to race, color, creed, national origin, handicap, age or gender and no use may be made of the name, sponsorship or facilities, of the Association by any group or organization practicing discrimination.

SECTION 6 - The officers and Board of the Association will conduct all business of the Association. The business year for the Association will be from 1 October through 30 September.

SECTION 7 - Association funds will not be used for social affairs in honor of a particular individual, nor for the purchase of anything of intrinsic value, as opposed to token value, for a specific individual.

ARTICLE IV - THE BOARD OF DIRECTORS

SECTION I - The Board of Directors has the responsibility for developing programs, improving morale, and sponsoring activities and services for all the members of the Association. The Board will consist of the following:

- a. Elected Officers - President, Vice President.
- b. Appointed Officers - Secretary, Treasurer. These officers are appointed by the President.
- c. Other Appointed Officials - The Manager of the Recreation Association Store will be appointed by the President. Assistant Managers will be appointed by the Store Manager.
- d. Board Members - One representative from each of the following: 00/03/07/09, PEO DRPM, 01,02,04,05,08 and NAWCHQ. These members are appointed by their Group Commander. (The requests for these appointments will be sent to the Group Commander within 45 days before the end of the fiscal year. In the event no appointment is made by the October meeting, the President will appoint the Group Representative and alternate).
- e. Advisor to the President - The immediate past president.

SECTION 2 - The term of office for all Board members will be for one fiscal year (beginning 1 October and ending 30 September). In the case of a vacancy the new Board member will serve the remainder of the unexpired term. Any person serving as President for longer than 5 months of the fiscal year will not be eligible for election to President or Vice President the following fiscal year. Appointed officers and group representatives may be reappointed to the Board.

SECTION 3 - Meetings of the Board shall be held once a month. A special meeting may be called by the Secretary on petition signed by a least five members of the Board listing the time place and topic(s) for the special meeting. Special meetings may be used only for conducting that business stated in the petition.

#### ARTICLE V - DUTIES OF OFFICERS

SECTION 1 - The President will execute the decisions of the Board, preside at all meeting, be an ex-officio member of all committees, appoint a chairman for each standing committee, and be responsible for the development and initiation of activities of the Association as directed by the Board.

SECTION 2 - The Vice President will review the annual budget and present it to the President; in the absence of the President, perform all duties pertaining to the Office of President; and be the Parliamentarian at all meetings.

SECTION 3 - The Secretary will keep a permanent record of all

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proceedings of the Association, maintain a listing of all members, promulgate notices of meetings, and transmit the minutes of Board meetings to all members of the Board.

SECTION 4 - The Treasurer will be the custodian of all Association funds, receive all monies of the Association, maintain a permanent record and account for all monies collected in accordance with the policies and regulations which govern non-appropriated fund activities, pay all orders on the Treasury when endorsed by the President, Vice President or Secretary (checks shall be issued by the Treasurer and countersigned by the President, Vice President or Secretary); close all ledgers at the end of the fiscal year; and prepare a financial statement for each monthly meeting of the Board.

#### ARTICLE VI - ELECTION OF OFFICERS

SECTION 1 - The President and Vice President will be elected annually by a letter ballot, distributed in the AIRLOG, to members of the Association by September 15. Ballots shall be prepared, distributed and collected in such a manner as to result in secret voting by the members.

SECTION 2 - Prior to the August Board meeting, the Membership Committee will select at least two candidates for the office of the President and Vice President. The names of the proposed nominees will be announced at the August Board meeting. Additional nominations will be invited from the general membership at this meeting.

SECTION 3 - Election of officers will be conducted during the months of August and September. The elected officers will be installed at the October meeting (which will be held during the first ten work days of October).

SECTION 4 - Election to office will be by a simple majority of the votes cast. The Membership Committee will be responsible for collecting all ballots from a staffed and centrally located ballot box within five days after being distributed to the membership for voting. The Membership Committee will count the ballots and announce the results. The tabulation of votes will be published in the AIRLOG. If no votes are received, the Board of Directors shall elect the President and Vice President.

SECTION 5 - In case of a tie a special meeting of the Board will be called to decide the outcome. In the event a duly elected person declines to accept office, the person receiving the next greatest number of votes for that office is elected.

SECTION 6 - A vacancy in the office of the President will be filled for the unexpired term by the Vice President. Other vacancies among the officers will be filled for the unexpired term by appointment of the President.

SECTION 7 - Any officer may be removed for cause by a two-thirds majority of the Board.

ARTICLE VII - COMMITTEES

SECTION 1 - The President may form or appoint a Chairperson for the committees. Other committees may be warranted on an as needed basis. The Finance Committee will be chaired by the Treasurer.

- (1) Finance (Treasurer)
- (2) Membership
- (3) Retail Operations

a. Chairpersons of above named committees should attend all meetings of the Board.

b. Committees Chairpersons will be non-voting members of the Board (except for the Treasurer or appointed Board members). They will remain in office for the fiscal year or until resignation, removal by the Board or removal by the President.

SECTION 2 - The Finance Committee will consist of Chairperson, the Vice President of the Association and one other member appointed by the President. The responsibilities are as follows:

a. Developing and recommending fiscal policies and procedures.

b. Preparing and submitting the annual budget to the Board for approval.

c. Establishing and maintaining control of equipment, supplies, and other tangible assets.

SECTION 3 - The Membership Committee will consist of the Chairperson and two other members selected by the Chairperson. The responsibilities are as follows:

a. Assuring active participation of all members.

b. Serving as tellers for election and announcing results.

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- c. Conducting nominations for officers.
- d. Arranging and conducting elections and voting procedures as herein required.
- e. Assisting the President in obtaining volunteers and appointed officers and officials.

SECTION 4 - The Retail Operations Committee will consist of the Chairperson, the Store Manager and three other members selected by the Chairperson. The responsibilities are as follows:

- a. Assuring all proposed new purchases for resale are approved by the Board of Directors.
- b. Ensuring financial internal controls are adhered to as stated in NAVAIRINST 5380.2A financial guidelines.
- c. Serving as retail agents for the store operation which includes billing preparation and validation, inventory control, file maintenance, and general retail responsibilities.
- d. Reporting status of store business at monthly Board meetings.

#### BY-LAWS

I. The power to legislate is vested solely in the Board of the Association. Amendments to the Constitution and By-Laws must be made by the Board of the Association or by a specially designated committee and approved by the Board. Approval requires two-thirds of the votes cast at a Board meeting which has quorum of members present.

II. Consultation by the Board with regard to legal issues affecting the programs, operation, or property of the Association will be requested of the NAVAIRHQ staff Judge Advocate.

III. Seven members of the Board will constitute a quorum for the purpose of holding a meeting of the Association. The order of business will be as follows:

- Reading of minutes of last meeting, regular or special.
- Treasurer's Report.
- Committee Reports.



- Unfinished Business.
- New Business.
- Adjournment.

IV. The President is responsible for ensuring submission of the annual budget. The approved budget of the expected expenditures for the next fiscal year will be submitted to the Navy Depot Employees Recreation and Welfare Fund Board (NERWFB) one month prior to the beginning of the fiscal in accordance with the Secretary of the Navy (SECNAV) Instruction 5420.71. Upon determination of the actual funds available from the NERWFB, the new President will make his recommendations to the Board for adjusting the budget to actual fund availability. Upon Board approval, this will constitute the Association's program for the ensuing year.

V. The association will support within available funding such activities that fall within the intent and purpose for the Association. The participation of Command employees will have a bearing on support of each program.

VI. Each approved program will be funded in accordance with expenditures authorized by the Board. In cases of emergency, authorization for expenditures, not to exceed \$50, may be made by the President of the Association. Such authorizations will be discussed at the next Board meeting and compensating adjustments will be made.

VII. The President shall not approve the expenditure of funds which he/she thinks may be contrary to the desires of the Board. Disapprovals of this type will be discussed at the next meeting of the Board.

VIII. The financial status of the Association will be submitted to the Board by the Treasurer at each monthly meeting. Changes in the budget may be made by the Board at this time if necessary.

IX. Authorization will not be made for expenditures of funds for which a sufficient balance is not on deposit. Disbursement of funds will be in accordance with current NDERWFB and SECNAV procedures.

X. The President will require that an annual audit of receipts and expenditures be made after the close of each fiscal year. The results of the audit will be reported to the Comptroller, the Commander, Naval Air Systems Command and the Board at the first meeting after the audit report is released.

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XI. The President will designate an individual to keep an inventory of all properties of the Association. This does not include merchandise in the Recreation Store. A report will be submitted to the President at the end of each fiscal year.

XII. Activities not officially approved by the Board of this Association will not use the name Naval Air Systems Command Headquarters Recreation Association for any purpose or in any manner at any time.

XIII. The Board may establish supplementary policies, rules and guidance as required, within the framework of this constitution and By-Laws.

CASH ACCOUNTING, FINANCIAL, AND OPERATING PROCEDURES

1. Definitions

a. Inventory Items. All on hand resale material and photographic prints in the Naval Air Systems Command Headquarters (NAVAIRHQ) Recreation Association. A physical inventory will be taken at the end of each month by the store Manager or other Recreation Association personnel with someone from the office of the Inspector General, (AIR-09G).

b. Noninventory Items. Items which are not included in the regular inventory and for which separate controls are established as required. These include (1) special sales, such as, pecans and discount tickets, (2) membership fees, (3) prepaid special orders, such as, Christmas and name cards, and (4) other items designated by the Treasurer.

c. Cashier. The individual responsible for ringing up all cash transactions on the cash register at the time of sale, properly categorizing and documenting each transaction, and safeguarding all cash and merchandise located in the store. The keys to read the cash register will never be in the custody of the cashier and the cashier will never serve as the collection agent. The cashiers will be designated by the store Manager.

d. Collection Agent. The individual responsible for the reconciliation of the cashier's cash balance, the investigation of cash overages/shortages, the expeditious deposit in a designated bank of all funds received, and the forwarding of all collection reports and substantiating documentation to the Association Treasurer. The reconciliation will be made on the Daily Cash Drawer/Cash Register Statement, enclosure (3). The collection agents will be designated by the Comptroller (AIR-08).

e. Store Manager. The individual with cognizance over procedures and policy enforcement. Ensures a record of names of individuals working in the store is maintained, and will act as coordinating agent for all appointed Assistant Managers. Manager, Assistant Managers, and other designated personnel, will hereinafter be referred to as the Manager.

2. Cash Receipts. All cash received during the operation of the Association Store will be immediately rung up on the cash register by the cashier. In addition, the cashier will provide a sales receipt for prepaid special orders, e.g., cash received for material listed in catalogs or special material promotions designated for future delivery.

3. Cash Adjustments

a. Underrings. Will be corrected by the cashier ringing up an additional amount on the cash register equal to the difference between the amount initially rung up and the correct price.

b. Overrings. Will be recorded by the cashier as they occur on an Overring Slip, enclosure (4), and be approved daily by the collection agent. They will not be corrected by subtracting from the following cash ring. The Overring Slip will be submitted to the Treasurer with enclosure (3).

c. Refunds. Request for refunds should be referred to the Treasurer and should not be made by the store cashier. Refunds will be substantiated by both an approved Refund Slip, enclosure (5), signed by the customer acknowledging receipt of cash or check, and the returned merchandise, if applicable.

4. Cash Collection

a. Postings by the cashier and collection agent on enclosure (3) must be made in ink.

b. Corrections by the cashier and collection agent will be made by drawing a single line through the incorrect entry, but not obliterating it, and posting the correct figure. The cashier and the collection agent must initial the correction.

c. Cashier Procedures

(1) Total all checks in the cash register.

(2) Total all cash in the cash register.

(3) Make appropriate entries on enclosure (3), sign, and date.

d. Collection Agent Procedures

(1) Verify the value of checks in the cash register.

(2) Verify the cash in the cash register and the change fund.

(3) Using the cash register key, print the cash register total (Z slip).

- (4) Make appropriate entries on enclosure (3).
- (5) Validate all overrings.
- (6) Determine any cash overages/shortages and investigate, if necessary.
- (7) Determine the amount to be deposited in the bank, prepare bank deposit slip, and make the deposit.
- (8) Certify the cash reconciliation by signing enclosure (3).
- (9) Obtain, from bank, sufficient change for next opening day.
- (10) Lock cash drawer and change fund in safe.
- (11) Forward to the Treasurer, at the completion of each business day, enclosure (3) with the following documentation attached, as applicable:
  - (a) Checkout cash register tape (Z slip) from register.
  - (b) Overring Slips.
  - (c) Deposit Slip.

5. Daily Cash Forms. Cashier will complete required portions of enclosure (3) including signature and date. Collection agent will fill out cash register collection statement, attach Z slip, attach overring slip(s), count the petty cash fund, and fill out enclosure (3). The collection agent will also perform bank deposit daily, and obtain change for the petty cash fund and cash register from the bank as needed. The collection agent will also attach the bank deposit slip copy to enclosure (3). A separate bank deposit slip will be used for the redeposit of returned checks and related fees collected and will be marked to state "Redeposit."

6. Financial Records Maintained by the Treasurer. A receipt and expenditure program is used to record each cash transaction and is the primary cash control document. Each record of each cash transaction is the primary cash control document.

a. Receipt

- (1) Record all cash received for sale of inventory items.

(2) Record collection for prepaid special orders. The sales slips for prepaid sales should be reconciled with vendor billing invoices and any discrepancies should be investigated. Record all cash which was received for noninventory items, and other sales and services designated by the Treasurer.

b. Expenditure

(1) Record the date of transaction.

(2) Record purchase order number or invoice number if available.

(3) Record check number.

(4) Identify the transaction (description).

7. File Maintenance

a. The Manager, Assistants, and President will have responsibility for maintenance of the files. The cash register collection statement and attachments noted above will be kept together in a folder. Another folder will contain daily invoices and monthly statements. New folders will be established each month. Individual receipts and deposit slips are not to be taken out of the store. Files may be removed for brief periods of time as needed for spreadsheet maintenance.

b. Daily invoices/delivery tickets will be verified against merchandise received, and filed in a folder for the current month. Invoices will be clipped together by company in chronological order.

8. Preparing Invoices For Payment. If the company does not issue monthly statements, a total will be computed and an adding machine tape will be attached to all of the invoices/delivery tickets. A vendor representative will be contacted as required to make adjustments for credits and billing errors. Invoices will be approved and provided to the Treasurer for payment as soon as all bills have been received. The Manager will contact the Treasurer when invoices/statements are ready for payment.

9. Checkbook Maintenance and Payment of Invoices

a. The Treasurer or other designated person will maintain the checkbook, write checks, and reconcile the checkbook to the bank statement.

b. The checkbook will be kept in a secure file or in the Recreation Store when not in use.

10. Monthly Treasurer Requirements

a. The following tasks will be completed by the last working day of every month. The Association will have a grace period of five working days to complete these tasks. If the accounting has not been completed by the end of the grace period, the store will not open until all documentation is brought up to date.

(1) Checks will be drawn for all bills received for the previous months. Business checks will also be drawn as required for all approved expenditures such as sports activities and NAVAIRHQ socials. Notation will be made on invoice to indicate date of payment, check number, and amount of payment. Checks will not be drawn without documentation such as receipts, invoices, or delivery tickets.

(2) Checkbook entries will be brought up to date. Checks written, interest earned, bank charges incurred, and remaining deposits will all be recorded. The balance will be brought forward.

(3) Checkbook will be reconciled to the bank statement for the previous month.

b. The Treasurer will complete these tasks in a timely manner so that checks drawn can be entered on the disbursements spreadsheets by the last working day of the month.

11. Spreadsheet Maintenance

a. The Manager or designee will be responsible for keeping the spreadsheets up to date. In his/her absence, the Treasurer may update the spreadsheets.

b. The cash disbursement and cash receipt spreadsheets should be brought up to date weekly.

c. Both spreadsheets will be completed for the previous month by the last working day of the month. For example, by the 31st of July, spreadsheets will be accurate and complete for the month of June. The cash receipt spreadsheets will be printed out and submitted to AIR-09G3 by the last working day of each month, with a grace period of five working days.

12. Merchandise Receipt and Price Adjustments

a. Merchandise received from a vendor will be inspected to

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ensure that it conforms to the delivery order. Any discrepancies will be brought to the attention of the Manager. When merchandise is actually received, whether or not the merchandise is an inventory item, the retail price and the quantity received of each item, will be annotated on the delivery order which will be forwarded to the Treasurer.

b. Newly received merchandise will be reported at the price it will be sold including appropriate discounts. Whenever a price adjustment is made, the following information will be posted to the Price Adjustment Record, enclosure (6):

(1) The item affected.

(2) The number of item on hand.

(3) The item's old and new unit cost.

(4) The item's old and new retail price.

(5) The total retail value of the quantity on hand before and after the adjustment.

c. Material returned to the vendor for credit or refund will be documented by the Manager. The original and one copy of a return receipt will reflect the store's return address, quantity returned, unit price, extended price, and date. If the material is conveyed directly to the vendor, a receipt, signature and date will be obtained on the return receipt copy. If the material is returned by mail, it will be registered. In this case a copy of the registry receipt will be attached to the return receipt. Return receipts will be turned in to the collection agent, who will annotate the receipt of such on enclosure (3).

13. Store Security. The Manager will maintain a list of all personnel authorized to have a key to the store and have access to the entry combination. The combination to the store and to the safe will both be changed every six months. Only authorized personnel will be allowed to use the cash register and handle the cash and assets of the Association. Merchandise will not be removed from the store for resale. All the transactions will take place in the store with merchandise being exchanged for the correct cash price. No credit is permitted.







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DATE: \_\_\_\_\_

OVERRING SLIP

AMOUNT	CASHIER (Signature)	REGISTER RECEIPT RING #	STORE MANAGER/ASSISTANT (Signature)
\$		#	
\$		#	

TOTAL OF OVERRING(S)

\$



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## REFUND SLIP

DATE: \_\_\_\_\_

AMOUNT	NAME AND CODE	CASHIER (Initial)
REASON FOR REFUND: _____ _____ _____ _____		

AUTHORIZED BY:

\_\_\_\_\_  
Store Manager or Assistant\_\_\_\_\_  
Treasurer

I ACKNOWLEDGE RECEIPT OF:

\$ \_\_\_\_\_

\_\_\_\_\_  
(Customers Signature)



### PRICE ADJUSTMENT RECORD

[illegible]